

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO. 0656-01
BILL NO. HB 113
SUBJECT: Office of Administration; Contracts and Contractors; Public Buildings
TYPE: Original
DATE: January 15, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOL)**, **Office of Attorney General (AGO)**, **Department of Economic Development (DED)** and the **Department of Conservation (MDC)** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Coordinating Board for Higher Education (CBH)** assume the proposed legislation would have no fiscal impact on their agency since the CBH does not participate directly in construction projects or bidding. The requirements could potentially have an impact on colleges and universities depending on what their current practices are in relation to the requirements of this bill.

Officials from the **Department of Natural Resources (DNR)** assume the proposed legislation would have no fiscal impact on their agency since the DNR works with Office of Administration - Design and Construction on any contractors wishing to bid on state building contracts.

Officials from the **Office of Administration - Division of Design and Construction (COA)** assume that if this legislation is passed, additional time would be required to review bid packages. Based on recent history, four new contractor bid packages would be reviewed each month. The COA assumes they would need to hire a .25 Contract Specialist I to handle additional review time (approximately 14 hours) for each new contractor bid package. The COA estimates that the salary plus the associated expense and equipment would be \$9,513 for FY02; \$11,707 for FY03; and \$12,006 for FY04.

Officials from the **Department of Transportation (DHT)** assume the additional paperwork to be reviewed that will result from this legislation will create a need for at least one full-time employee for DHT.

The additional employee would include one clerk (1 FTE at \$25,728 per year) to handle the increased administrative responsibilities of developing and reviewing forms for new contractors to become pre-qualified to bid generally. Responsibilities also include communicating with other state agencies to determine those firms which have worked for the state; storing all the new data this bill will require; making the general pre-qualification determinations; specifically pre-qualifying the new firm to bid on each individual contract; and handling the litigation which may arise in contractors contesting a bid pre-qualification denial. The DHT estimates that the salary plus the associated expense and equipment would be \$38,212 for FY02; \$38,482 for FY03; and

ASSUMPTION (continued)

\$39,446 for FY04.

Additionally, DHT noted that this legislation is almost identical to Section 227.105, RSMo (1999 Supp.).

Oversight assumes that the proposed changes to the bid process could be incorporated into the current review procedures for projects with an estimated cost in excess of \$200,000 and could be performed with existing personnel. Therefore, costs associated with the additional FTE for the COA and the DHT have not been included in the fiscal impact specifications below.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
	\$0	\$0	\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2002	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

The proposed legislation prohibits the state of Missouri or any state construction manager from accepting any bid for any construction or repair project with an estimated cost of more than \$200,000 from a contractor who has not performed work for the state during the preceding five years unless the contractor meets certain minimum qualifications. The qualifications that a contractor must meet include experience and ability to complete the project. All information supplied by the contractor for determination of minimum qualifications is a closed record.

This legislation is not federally mandated, would not duplicate any other program, and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Coordinating Board for Higher Education

Department of Conservation

Department of Economic Development

Department of Labor and Industrial Relations

Department of Natural Resources

Department of Transportation

Office of Administration - Division of Design and Construction

Office of Attorney General

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director

January 15, 2001